OPINION

CHRISTIAN SCIENCE MONITOR
29 March 1985

Heading off 'star wars' and deficit disaster

By Robert R. Bowie

POLICYMAKERS in democracies are often criticized for focusing on the short-term issues and ignoring longer-term problems or consequences. President Reagan has pushed this failing to extreme lengths under conditions making it unusually risky.

The two most vital interests of the nation are its economy and its security, both of which are closely linked to the external world.

On both these issues the President is adamantly refusing to take account of the damaging and dangerous implications of his current course. Nor does he have the usual excuse of not being able to foresee them; the dangers are apparent to many observers.

By his refusal to tackle the budget deficit courageously, he is playing Russian roulette with the US and global economy. With high interest rates, huge amounts of foreign funds are flowing in, driving the dollar up some 60 percent in terms of other major currencies since 1980. One effect is to distort the US industrial structure. With the dollar so overvalued, exports by US agriculture and industry are unable to compete in many markets, and the surge in cheap imports seriously squeezes domestic producers and fosters protectionist pressures. Many firms have moved more activities overseas. In 1984 the trade deficit was $130 billion, and the US became a net debtor for the first time since World War I.

Moreover, the vast outflow of funds has deprived Western Europe and other regions of capital needed for investment and renewal essential for their own recovery and adaptation, though their exports have benefited. And the debt burden of developing nations has been made more onerous by higher interest rates and economic slowdown. If the flow of funds should slow down sharply or reverse, the impact on US inflation, interest rates, and the economy would be extremely severe.

The present prospect is for deficits of $200 billion for years ahead. Yet the President refuses to face up to their consequences. He could certainly put together a bipartisan package of civilian and military cuts and tax increases which would eliminate the deficit in three or four years. The defense budget has risen by over $150 billion since 1980. If that is needed for security, the President should call on the Congress and public to pay the costs and not saddle them on our children. Yet he rejects tax hikes and treats defense as sacrosanct. His budget proposes only unrealistic cuts in other programs, which would hardly make a dent in the deficit during his term.

His Strategic Defense Initiative (SDI) against ballistic missiles displays the same bent in another guise. Since the nuclear era began, peace has been maintained by deterrence based on mutual vulnerability — each side has known that a nuclear attack would provoke retaliation by second strike forces. Two years ago the President set the long-term goal of developing an impervious defense that would replace deterrence based on the threat of retaliation and make strategic nuclear weapons "impotent and obsolete." He assumed it would require a decade or more. Most experts doubt that goal is feasible either because such technical perfection seems unattainable, or the system would be vulnerable to countermeasures. Partial defense, though feasible, would offer only a means for bolstering deterrence by protecting land-based missiles against attack. The President has insisted that the program is now limited to research allowed by the ABM Treaty and that any system would be deployed only after negotiation (presumably for modifying the ABM Treaty). Research, which cannot be verified, has long been under way. The Soviets have had an extensive program for some years; and so, in part, has the US.

But setting an explicit goal for SDI has other implications and consequences. The goal implies a revolution in nuclear strategy, and raises many serious questions. The interim of a decade or more before any decision could be taken to deploy and thereafter during any deployment could be a period of great uncertainty and profound risks. Instead of moving toward making nuclear weapons obsolete, it could spark an expansion of offensive and defensive systems which would upset the calculus on which stability has rested since World War II. The resulting distrust could block any progress in agreements to constrain nuclear weapons. And in the Western alliance the resulting strains could be highly divisive.

These and related issues should have been fully explored before launching SDI. Clearly they were not. Nor is there convincing evidence that they have been adequately examined in preparing for the renewed arms control negotiations.

To minimize the dangers, it will be essential to regulate any development and deployment of missile defenses by understandings with the USSR. The initial agreement to reopen negotiations seemed to imply such an undertaking: Their ambitious aim was to be the prevention of an arms race in space and its termination on earth. Since then, some spokesmen, including the President on occasion, have thrown doubt on administration intentions.

Reagan has shown that he can rapidly and radically change course — as he did in withdrawing from Lebanon shortly after declaring it vital. Yet such shifts seem to be prompted only by actual disaster — not by analyses in advance. But in the case of the deficit and SDI, what is essential is to anticipate and head off potential disaster *before* it happens.

So far he has not shown much aptitude for that.

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